

Army

PART I. FUNDAMENTAL PRINCIPLES AND OBJECTIVES OF THE COMPENSATION SYSTEM

T-11
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Response Due: July 29, 1988

In this Part, the questions relate to the objectives of the agency's compensation system or systems, and to the principles underlying the system.

An employer's compensation system may serve several purposes simultaneously. The amounts an employer pays to employees, and the methods by which the employer decides on the rates of pay may reflect deeply held views about fairness within the organization ("internal equity"), about the stature of the organization in relation to other employers ("external equity"), about what it takes to motivate employees to do the work of the organization ("incentives and rewards"), about the employer's sense of social responsibility, and about the central concepts of management within the enterprise, among other matters.

Question 1. What are the objectives and principles underlying the compensation system of the agency? Check mark any statements below that describe the fundamental objectives of the pay plan of the agency. (Statements may overlap; they are not necessarily mutually exclusive):

INTERNAL EQUITY OBJECTIVES

- ☒ 1. Should provide equal pay for substantially equal work.
- ☒ 2. Should provide equal pay for work of equal value.
- ☒ 3. Differences in compensation should be based on differences in difficulty and responsibility of the work performed.
- ☒ 4. Should be accepted by managers and employees - perceived as fair and equitable.

EXTERNAL MARKET OBJECTIVES

- ☒ 5. Should enable the agency to get and keep the kind and quality of employees needed to carry out its mission.
- ☒ 6. Should enable the agency to meet the competition; to match or keep in step with market rates for the kinds of skills, knowledges, and abilities it needs.
- ☒ 7. Should enable the agency to beat the competition; to get ahead of the market rates for the kinds of skills, knowledges, and abilities needed.

WORK PERFORMANCE OBJECTIVES

- ☒ 8. Should provide incentives and recognition for superior work performance, and withhold monetary rewards for ineffective performance.
- ☒ 9. Should recognize differential contributions of workers to accomplishment of the work goals of the organization.
- ☒ 10. Should recognize differential contributions of managers to accomplishment of the missions of the agency.
- As modified----- ☒ 11. Should recognize and reward ~~seniority~~, loyalty, and ~~long~~ service to the organization.
- ☒ 12. Should recognize and reward differences in productivity of workers within the organization or agency.

SOCIAL RESPONSIBILITY OBJECTIVES

- ☒ 13. Should comply with laws against discrimination based on race, sex, national origin, age, handicapping condition.
- ☒ 14. Should foster, support, or encourage distribution of women and minorities throughout the grade and pay levels, and should discourage concentration of women and minorities in low-paying occupations.
- ☒ 15. Should support the concepts of "pay equity" or "comparable worth", including equalization of pay of women and minorities as groups with the pay of men and majority groups in the work force.

PERSONNEL MANAGEMENT OBJECTIVES

- ☒ 16. Should provide a structural framework for the personnel management programs of the agency -- career entry, career planning and development, internal placement, compensation and benefits, retirement, etc.
- ☒ 17. Should aid in forecasting work force requirements and planning to meet them.
- ☒ 18. Should be efficient or cost effective to administer.

CENTRAL MANAGEMENT OBJECTIVES

- ☒ 19. Should promote efficient job design and organizational structuring within the agency.
- ☒ 20. Should support systematic, rational administrative processes -- budgeting, financial management, resource allocation.
- ☒ 21. Should contribute to ability to predict and control costs of operations.
- ☒ 22. Should maintain personnel resource costs at levels that assure maximum returns for tax funds spent, or keep costs at lowest levels consistent with mission accomplishment.

OTHER OBJECTIVES

- ☐ State any objectives or principles of the agency compensation system or systems that are not covered by the statements above.

Question 2. Indicate the approximate rank order of the importance of the major groups of objectives. In the boxes below, indicate the most important group of objectives by the numeral "1", then rank order the other groups of objectives, down to the least important.

- ☐ INTERNAL EQUITY: Treating employees doing similar work in similar circumstances about the same.
- ☐ EXTERNAL EQUITY: Keeping pace with the competition in labor markets outside the agency.
- ☐ WORK PERFORMANCE: Recognizing differential contributions to success of the enterprise.
- ☐ SOCIAL RESPONSIBILITY: Meeting an employer's responsibilities with respect to non-discrimination and other social objectives.
- ☐ PERSONNEL MANAGEMENT: Providing a basis for orderly administration of the human resources of the agency.
- ☐ COST MANAGEMENT: Providing resources necessary for mission accomplishment at least possible cost.
- ☐ OTHER: _____

Question 3. Have the fundamental objectives and principles of the compensation system of the agency been stated or published in any way?

-In statute? (Provide a citation or a copy).

-In regulations? (Provide a copy)

-In other statements of policy/handbooks/
manuals/or other places? (Provide a copy of
relevant portions).

Are any such statements of objectives available to
employees? To supervisors and managers? To
interested persons or organizations outside the
agency?

Question 4a. With respect to external labor markets for people
with the kinds of knowledges, skills, and abilities
needed for the work of the agency, identify the
primary competitors the agency faces. Primary
competitors seeking the same kinds or levels of
skills as the agency in critical occupational areas
may be (check as many as apply):

☒

Other agencies of the intelligence community.

☒

Other Federal agencies outside the intelligence
community.

☐

The Foreign Service.

☐

The Military Services.

☐

State and Local Governments.

☒

All

Corporations and companies of the private sector of
the economy. (Indicate what kinds of companies,
e.g., multinational corporations; technical companies
engaged in manufacturing and marketing products;
service industries engaged in research or in
providing information or advisory services; small
enterprises engaged in providing services or
products, or others).

☐

Academic institutions. (Indicate what kinds of
institutions, such as college and university
faculties (in what subject-matter areas?); nonprofit
research foundations ("think tanks"), associations of
scholars devoted to area studies/modern language
studies/science/technology transfer/social
science/public administration/business
administration/policy analysis/or other fields of
concentration; archival and library institutions, or
others.)



Other entities or organizations. (Please describe them).

Question 4b. Next, describe, in a general way, the conditions the agency faces with respect to the primary competitors identified and how these conditions affect the compensation package of the agency. For instance, with respect to a particular category of competitor, the agency may find itself at a comparative disadvantage because the other employers seeking the same kinds of people can pay more, or can adjust pay schedules faster, or can offer pay incentives different from those of the agency, or can make hiring decisions and pay offers faster, or can offer working conditions that are more attractive (e.g, freedom from security restrictions, less hazardous environment, etc.).

Question 4c. Finally, outline the methods the agency uses to find out what labor market competitors are offering or paying. For instance, these methods may include reference to standard wage or salary surveys (BLS, CENSUS, private associations); systematic agency-conducted surveys; feedback from agency recruiters; attrition studies; cost-of-living data; feedback from prospective employees who decide to accept offers from other employers; feedback from agency employees who leave for jobs with other employers that pay more or have better benefits or better working conditions; or other methods.

Fundamental Principles and Objectives of the Compensation System

Question 3. Have the fundamental objectives and principles of the compensation system of the agency been stated or published in any way?

-In statute? Yes. Section 5 of Title 5, United States Code.

-In regulations? The Pay Rates and Systems are explained in the Federal Personnel Manual, Chapter 530 and Army Regulation 690-500, Chapter 534.

Question 4a.

With respect to external labor markets for people with the kinds of knowledges, skills, and abilities needed for the work of the agency, identify the primary competitors the agency faces.

Corporations and companies of the private sector. Our primary competitors are private consultant companies in the Washington, D.C. area (known as beltway bandits).

Question 4b.

-Private consultant companies pay higher wages, offer pay incentives and provide overall better benefits. To compensate for this inequality managers try to hire employees at higher rates which may help initially but doesn't solve the pay problem.

Question 4c. Outline the methods the agency uses to find out what labor market competitors are offering or paying.

~~To date no organizations in the Department of the Army are involved in any study, analysis, fact finding nor systematic comparisons of pay as addressed in 4c.~~